

**BOARD OF INVESTMENT TRUSTEES
MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS**

MINUTES – OPEN SESSION

January 28, 2011

101 Monroe Street, 15th floor
Rockville, Maryland

Board Members Present: Kelda Simpson
Gino Renne
Steve Farber
Meg Menke
Jeff Buddle
Sunil Pandya
Jeff Sharpe
George Willie

Staff: Linda Herman
Marc Esen
Brad Stelzer
Stuart Potter
Akiko Kawashima

Others Present: Mark Brubaker, Wilshire Associates
Brad Atkins, Franklin Park
Narayan Chowdhury, Franklin Park
Neil Mowery, Franklin Park
Amy Moskowitz, Counsel to the Board

CALL TO ORDER

Ms. Simpson called the open session of the Board to order at 8:35 a.m.

DETERMINATION OF MEETING

The Board unanimously approved a motion to move into closed session at 8:36 a.m. for the purpose of discussing the investment of public funds, pursuant to Maryland Code, State Government Article, 10-508(a)(5).

Ms. Simpson called the open session of the Board to order at 11:20 a.m.

Approval of the Minutes: Mr. Buddle moved and Mr. Farber seconded, and the Board unanimously approved the minutes of the November 19, 2010 meeting.

Preliminary FY11 Estimated & FY12 Requested Budgets – All Plans: Ms. Kawashima presented the annual budget for the three retirement plans. She noted the actual FY 10 expenses were 28% lower than the approved budgeted amounts due to a staff vacancy, less use of outside legal services, and other cost reductions. FY 11 costs are projected to be 13% lower than the approved FY 11 budget amount primarily due to lower salary costs. The FY12 requested budget is 1.3% higher than the FY11 approved budget. After discussion, Mr. Renne moved and Mr. Farber seconded, and the Board approved, the following resolution:

1101-07 *Resolved, That the Board approves the Board-related expenses associated with the Employees' Retirement System, Retirement Savings Plan, Deferred Compensation Plan, and the Retiree Health Benefits Trust budgets for FY11 and FY12, to be updated for salary and benefit changes as supplied by the Office of Management and Budget.*

Retirement Savings Plan – Administrative Fee: Ms. Herman discussed the analysis of the Retirement Savings Plan's cash balance and expenses for FY 10 and projected levels in FY 11 and FY 12. Due to the current cash balance and projected expenses for FY12, Ms. Herman recommended that the Board transmit a request to the CAO that there be no administrative fee charged in FY12. She also recommended that the Board consider granting a contribution holiday in FY11 for a projected amount of \$600,000. Mr. Farber moved and Mr. Renne seconded and the Board unanimously approved the following resolution:

1101-08 *Resolved, That the Board approves no administrative fee for the RSP in FY12. In addition the Board will consider granting an employer contribution holiday in FY11 at a later meeting.*

Compliance & Audit Committee Report: Ms. Herman summarized the results of the annual audit conducted by Clifton Gunderson, the Plans' auditors and the Comprehensive Annual Financial Report prepared by Staff. She noted that no management letter was issued recommending changes in procedures/processes. Ms. Herman also briefed the Board on other matters discussion including the results of the audit being conducted by the County of ERS benefit payments, the ERS annual actuarial valuation, and the review of the annual compliance disclosure for trustees and the annual vendor/manager disclosure documents. No changes to these documents were recommended by the Committee. After discussion, the trustees in attendance completed their annual compliance disclosure documents.

Bylaws – Proposed Amendments: Ms. Simpson briefed the Board on her request that Board counsel draft an amendment to the Bylaws reflecting the current procedure for responding to media requests and that counsel consider whether having the executive director sign contracts was possible under the County Code. Ms. Moskowitz presented the proposed amendments noting that the Bylaws could be amended to reflect both of these changes but the Board may want to consider requesting the County Code be amended as a more conservative course of action. After discussion, Mr. Farber moved and Mr. Buddle seconded and the Board unanimously approved the following resolution:

1101-09 *Resolved, That the Board approves amending the Bylaws to reflect that all requests from the media or third parties for information regarding Board*

actions must be directed to the Executive Director, or his or her designee, who will respond accordingly.

After discussion of the issue related to the signing of contracts, Mr. Renne moved and Ms. Menke seconded and the Board unanimously approved the following resolution:

1101-10 Resolved, That the Board requests counsel provide a legal opinion as to whether the County Code should be amended to grant signature authority by the Board to the executive director.

There being no further business of the Board, the open meeting session was adjourned at 12:05 p.m.

Respectfully submitted,

Joseph Adler, Secretary